

Message Text

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ACTION EUR-25

INFO OCT-01 ARA-16 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 SAM-01 AID-20 EB-11 CIEP-02

TRSE-00 STR-08 OMB-01 CEA-02 SAJ-01 COME-00 FRB-02

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SUBJECT: PRAVDA ON MULTINATIONAL CORPORATIONS

PASS COMMERCE AND TREASURY

REF: MOSCOW A-584 OF 11/17/73 (DEPT ONLY)

1. SUMMARY. PRAVDA COMMENTARY OF FEB 28 EXCORIATES MULTI-NATIONAL CORPORATIONS (MNC) AS HARMFUL TO INTERNATIONAL ECONOMIC/TRADE RELATIONSHIPS IN GENERAL AND TO INTERNAL POLITICS OF DEVELOPING NATIONS IN PARTICULAR. AMERICAN MNCS COME UNDER HEAVIEST ATTACK, WITH ITT/KENNECOTT COPPER ACTIVITIES IN
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CHILE AND OIL COMPANY MACHINATIONS TO USE ENERGY CRISIS FOR

INCREASING PROFITS CITED AS ESPECIALLY CRUDE EXAMPLES OF "SUBVERSIVE" MNC ACTIVITIES. AGAINST BACKGROUND OF CURRENT DEBATE WITHIN USSR ECONOMIC HIERARCHY OVER POSSIBILITIES FOR FOREIGN "INVESTMENT" IN SOVIET UNION AT SOME FUTURE DATE (SEE REFAIR), ARTICLE CAN ALSO BE READ AS STRONG EXPRESSION OF TRADITIONAL SOVIET FEAR OF AND AVERSION TOWARD FOREIGN OWNERSHIP WITHIN ITS ECONOMY. END SUMMARY.

2. USING AS FRAME OF REFERENCE RECENT UN REPORT "MULTI-NATIONAL CORPORATIONS AND WORLD DEVELOPMENT," N. TURKATENKO (LONG-TIME TASS JOURNALIST WHO HAS SERVED IN DEVELOPING COUNTRIES AND CURRENTLY DEPUTYCHIEF EDITOR OF USA MAGAZINE) TAKES MNCS TO TASK WITH LENGTHY ARTICLE APPEARING IN FEB 28 PRAVDA. PARTICULARLY ABHORRENT TO HIM, APPARENTLY, ARE AMERICAN-CONTROLLED MNCS, WHICH COMPARE OVER ONE-HALF OF ALL SUCH ENTITIES ACCORDING TO UN STUDY. CONDUCTING OPERATIONS CHIEFLY IN PROCESSING INDUSTRIES, OIL EXTRACTION, AND MINING, MNCS, SAYS TURKATENKO, HAVE UNLIMITED FINANCIAL RESOURCES WHICH ARE GLEANED FROM ECONOMIES OF DEVELOPING COUNTRIES AND THEN SHIFTED FROM COUNTRY TO COUNTRY DEPENDING ON GIVEN NEEDS OF MNC AT GIVEN TIME. WITH THEIR GREAT POWER, MNCS ARE ABLE TO "ENCROACH" (POSYAGAT) UPON PREROGATIVES OF SOVERIGN STATES, LIMITING CAPABILITY OF NATIONAL GOVERNMENTS TO CARRY OUT THEIR OWN DOMESTIC AND INTERNATIONAL GOALS.

3. ITT AND KENNECOTT COPPER ARE WORST OFFENDERS OF ALL, IN TURKATENKO'S VIEW, GIVEN WHAT HE DESCRIBES AS THEIR ATTEMPTS TO PREVENT ALLENDE'S RISE TO POWER AND THEN CREATING CONDITIONS PERMITTING MILITARY JUNTA TO MOVE AGAINST HIM. HAVING HELPED GET RID OF ALLENDE, THESE AND OTHER MCNS IN CHILE NOW COUNTING ON REGAINING THEIR NATIONALIZED OPERATIONS.

4. SIMILARLY, OIL MNCS TAKING GREAT PAINS TO MAINTAIN THEIR ACCESS TO (PRIMARILY MIDDLE EAST) OIL SUPPLIES. ATTEMPTS TO USE ISRAEL AS "ARMED SPRINGBOARD" (VOORYZHYONNIY PLATSDARM) IN DEFENSE OF INTERESTS OF INTERNATIONAL OIL CARTELS HAVE SUFFERED DEFEAT AFTER DEFEAT, SAYS TURKATENKO. CURRENT ENERGY CRISIS BEING USED BY OIL GIANTS TO INCREASE LIMITED OFFICIAL USE

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PROFITS; RECENT WASHINGTON CONFERENCE OF OIL-CONSUMING NATIONS SEEN AS "CLEAR EVIDENCE" OF ATTEMPTS BY AMERICAN DIPLOMACY TO SERVE INTERESTS OF GIANT AMERICAN OIL COMPANIES.

5. COMMENT: WHILE ARTICLE CAN LEGITIMATELY BE VIEWED AS TYPICAL SOVIET PROPAGANDA PIECE DEFENDING HAPLESS DEVELOPING NATIONS AGAINST POWER PLAYS BY CAPITALIST CORPORATE MONSTERS, MORE FUNDAMENTAL, CLOSE-TO-HOME REASONS MAY WELL

LIE BEHIND TURKATENKO DIATRIBE. AS REPORTED IN REFAIR,
SOVIET GOVERNMENT IN RECENT MONTHS HAS MADE TENTATIVE FIRST
STUDIES OF POSSIBILITIES FOR LONG-TERM FOREIGN "VENTURES"
IN USSR, PROBABLY INCLUDING THE RADICAL DEPARTURE IMPLIED
BY PARTICIPATION BY NON-SOVIETS IN OPERATION OF PLANTS
PROVIDED UNDER TURNKEY ARRANGEMENT BY FOREIGN COMPANIES.
THESE STUDIES BEING CARRIED OUT BY ECONOMIC AND POLITICAL
INSTITUTES (INCLUDING USA INSTITUTE) AND THUS REPRESENT THE
AVANT-GARDE OF SOVIET THOUGHT ON SUBJECT RATHER THAN
OFFICIAL POLICY. WHILE OSTENSIBLY WRITING ABOUT DEVELOPING
COUNTRIES, TURKATENKO MAY ALSO BE REFLECTING INTERNAL
DEBATE WITHIN USA INSTITUTE BY SOUNDING CAUTIONARY NOTE
AGAINST A "TOO MUCH, TOO FAST" LIBERALIZATION OF SOVIET
POLICY REGARDING ITS WON RELATIONSHIPS WITH MNCS. END
COMMENT.
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